



USAID/Armenia Mission Director Keith E. Simmons, announcing the launch of the new EQZ Program (May 2001).

## EQZ Recovery Program Update

Between October and December, additional cities in Lori and Shirak Marzes began participating in the Earthquake Zone (EQZ) Recovery Program. This \$20 million EQZ Recovery Program is co-financed by USAID and the Government of Armenia.

Under this program, some 4,000 families in Lori and Shirak marzes who lost homes in the 1988 earthquake will be able to find safe, permanent homes. They will be awarded either certificates to purchase housing anywhere in Armenia, or grants to complete or repair unfinished or damaged houses. As beneficiary families give up their temporary "domics," local governments will remove these structures and reclaim the sites for public or private use.



A "Domic" being removed from the EQZ housing site.

This program builds on the success of the USAID Pilot Housing Certificate Program in Giumri, in which to date 97% of the 312 certificate holders have found apartments, 89% of them in Giumri. The pilot site is also now home to a playground, with a park and recreation fields soon to come, facilities which are part of the USAID-funded, Save The Children public works program.

Eligible families are those who lost permanent homes in the earthquake, have not been compensated, and who live in temporary shelters on sites selected for inclusion in the

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## Exporting Armenia-Grown Cut Flowers

The USAID-funded Agricultural Small and Medium Enterprise (ASME) Project, implemented by Development Alternatives, Inc., is a 4-year project designed to increase market opportunities for private Armenian agribusinesses. To achieve this goal, ASME identifies markets where existing and new agribusiness products can be sold, and develops strategies for Armenian companies to take advantage of new market opportunities. One of ASME's clients is Agrinex, a successful greenhouse producer of high quality cut flowers, employing 140 persons.

In 2001, USAID-ASME project sponsored an international flower consultant to work with Agrinex and other flower producers in Armenia. The consultant guided a delegation of five flower growers from Armenia to the International Flower Trade Exposition in the Netherlands in May of 2001. Agrinex and the other Armenian participants were able to meet with flower breeders, importers, greenhouse and equipment manufacturers, and the head of the breeders' patent rights organization. Important contacts were established providing the Armenian flower growers with potential buyers. Also, opportunities were explored for importing new plant varieties and equipment that will significantly upgrade Armenia's capability to grow cut flowers for the export market.



A woman cuts flowers in one of the greenhouses producing Armenia-cut flowers for export.

*The purpose of this newsletter, which will be published every other month, is to inform readers about recent events related to the USAID assistance program in Armenia. The Mission's program focuses on private sector growth, energy sector restructuring, democracy and governance, social sector development, water resources management and revitalization of the earthquake zone.*



## EQZ Recovery Program, cont.

program. These sites will be ones which local authorities or private investors seek to reclaim for public uses such as parks, playgrounds, schools, or for commercial uses.

Plans are to issue approximately 2,400 housing certificates in Giumri and 600 in Lori marz. In addition, an estimated 650 rural and 350 urban households in Shirak and Lori will be given grants to repair or finish permanent homes. As well, grants will be made available to a number of condominium/homeowners associations in Lori and Shirak marzes for repairs to their buildings.

The Earthquake Zone Recovery Program is part of a broad range of activities supported by USAID to help the recovery of this region and the rest of Armenia. These activities include nutrition programs, health programs to increase access to primary health care, and programs to strengthen local capacity through support of community, local government and non-governmental organization (NGO) development. Other programs focus on reform of social service delivery and social insurance systems, and support to micro, small and medium enterprises.

## President Kocharian Visits the Visitor Information Center

On November 28, 2001, President Kocharian visited the USAID-funded Visitor Information Center. Mr. Vahakn Hovnanian, President of the Armenian Tourism Development Agency (ATDA), conducted a tour of the center, showing the President the different services the center offers. A 45-minute discussion followed during which the President was informed about the Visitor Information Center and, more broadly, about the USAID-sponsored activities in tourism development, such as participation in trade shows for tourism in London and Berlin; and the upcoming familiarization trips for foreign tour operators.

Mr. Kocharian was pleased with the progress made in tourism development, especially commending the assistance rendered by the International Executive Service



President Robert Kocharian with AID, ATDA, and IESC Staff during the tour.

Corps, USAID's implementing partner for this project. The President iterated the importance of tourism development for the growth of Armenia's economy, noting that the Government of Armenia is devoting attention to improving the country's infrastructure, such as improving roads. Since his visit, the Government of Armenia has taken several important steps to support the growth of tourism in Armenia, including approving ATDA's 20 million AMD budget.

## Update on Computer Learning Centers

The Information and Communications Technology (ICT) sector is rapidly growing in Armenia, and local and foreign companies are increasingly seeking highly skilled individuals for employment. USAID is supporting the growth of a competitive private sector and the increase employment in Armenia by providing assistance for the development of ICT in Armenia, including providing training to future ICT professionals. As part of these efforts, USAID is working with three Armenian universities to improve their ICT programs and support the students' ability to find employment in the ICT sector after graduation.



Students use the USAID-funded Computer Learning Center at the State Engineering University of Armenia

During the first half of 2001, USAID supported each university (Yerevan State University, State Engineering University of Armenia, and Yerevan State Institute of Economics) to establish Computer Learning Centers (CLCs). USAID provided 20-25 computers and servers to each university, as well as worked with the faculty to upgrade their curricula. The CLCs also helped to develop partnerships between the private sector and local universities and increased the number of students who can fill vacancies in local ICT companies.

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## Selling Advertising in a Tough Market

The purchasing of advertising in newspapers is not a widely accepted practice in Armenia. But as a result of a two-month seminar in advertising sales conducted under the USAID-funded ProMedia program that has begun to change.

Every day for six weeks in October and November, Chicago-based consultants Brian Long and Donna Norton met with 16 to 20 Armenians for intensive sessions on how to sell newspaper advertising in what some consider to be one of the world's toughest advertising market.

The seminar included such topics as how to determine the price of advertising and how to develop an advertising rate card, as well as how to convince business owners that advertising is valuable and beneficial. Eleven newspapers based in Yerevan participated in the seminar. The seminar was also presented two days a week in Guimri.

Currently newspapers in Armenia sell only about 10 percent of their space for advertising, and as a result, 10 percent or less of newspaper revenue comes from advertising.

This is much less than in the US where from 50 to 60 percent of newspaper space is dedicated to advertising, and about 85 percent of total newspaper income is derived from advertising.

The seminar was part of a USAID-funded ProMedia program to develop and improve the business of newspapers as well as the quality of journalism in Armenia. ProMedia programs include seminars and workshops on all aspects of newspapers, including writing, editing, management, advertising sales, and distribution.

Seminar participants said they came away from the program with new personal confidence in addition to new sales skills.

"Before the seminar, when I was asking for advertising, they thought I was begging for money," said Karina Melkumyan, an advertising sales woman for Respublica Armenia.

"Now I'm offering a service that has a mutual benefit for each of us. I convince them that it will be more profitable for them than for us. I learned we are equal to these (business) people, not less."

"The knowledge I got from the seminar inspired me to knock on doors," Melkumyan said. She approached 40 business and sold 3 advertisements.

Silva Tumanyan, who sells advertising for Novoe Vremya on a commission basis, said she developed new inter-personal skills.

"I learned how to approach customers and work with them

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## Selling advertising, cont.

and how to present myself," she said. "It is difficult in Armenia, but we must work hard to achieve our targets."

"I know I must work to improve my knowledge to go further," Tumanyan said.

Norton said Armenians face difficult obstacles to sell advertising. "It is a tough market because it has not been done here before," she said. "Introducing a new program can be daunting."

Norton said she was pleased with the results. "It is the first time in the country for newspapers to join together and share information," she said, regarding the collective information that was needed to set prices and create a rate card.

Norton said vital progress was made in Armenia toward perceiving newspapers as a business. "They now consider advertising a viable option as an alternative source of revenue."

Long, who has had a long career in newspaper advertising sales, said, "we talked about a free market economy where you make money to survive. We wanted to teach a new business model."

"It was more than I Long feels the program succeeded. "It was more than I hoped for. We taught that advertising marketing is a profession."

Long and Norton hope to return for follow-up seminars.



Brian Long, a consultant working with the USAID-funded ProMedia Program, working with journalists during one of the seminars.

For more information about the USAID assistance program in Armenia, please see the USAID/Armenia Mission Web site at: [www.usaid.gov/am](http://www.usaid.gov/am)



## A Success Story "Made in Armenia"

Lida Sargsyan, founder, owner, designer and marketer of "Lida" Cooperative, is one of Armenia's clothing pioneers. Founded in 1988, "Lida" Cooperative, was one of the first private clothing producers of adult and children clothing for export and local markets. Lida Collective now corners the market on uniform production and sale in Armenia and designs high-quality suits at competitive prices. All Lida's clothing have authentic "Made in Republic of Armenia" labels that adorn their linings, as well as paper labels and packaging printed in Armenia that clearly say, "Made in RA."

Lida's company has worked at full capacity since Armenia's independence, even during the energy crises that crippled the Republic in the early 1990s. Lida recalls, "We had to serve our loyal customers, and we were determined to work hard to keep producing our clothing." Toward the end of the 1990s, Lida had to struggle to meet market demands and challenge increased competition. It was imperative that Lida improve its facilities, update sewing and design equipment, and purchase fabrics and accessories.

In 1999, Lida applied and was approved for a \$5000 loan from SEF World Vision, a subgrantee of the USAID-funded program to Shorebank Advisory Services. Ms. Sargsyan used the loan to renovate the business premises and to purchase inventory. In 2000, the company borrowed and repaid a loan for \$8000 dollars to purchase sewing equipment, fabrics for suits and uniforms, and an ironing press. Both loans were repaid on time with no delays or penalties. SEF recently approved Lida for a third loan for \$10,000 to expand operations, relocate, hire an additional 10 workers, and to start a leather clothing line.

Currently, Lida's suits not only compete successfully with imports from Turkey and Iran, they lead the market based on quality, and sell on average at 10% lower than the market price. Before receiving the loans, Lida did not have the freedom to buy enough fabrics to complete orders, and was not able make the older machines work to full capacity. The loans enabled Lida to purchase new equipment and improve the business capacity.

Lida customers comprise of 10 wholesalers and direct sales to local shops, ministries and schools. Wholesalers sell Lida clothing to traders and businesses housed in the 6 major local shopping centers including Hayastan and Malatya. Some wholesalers also export Lida products to the United States. Businesses order an average of about 100 suits each season. Ms. Sargsyan explains, "Some customers notice our labels and call to tell us how much they like their new suits; how they feel and look. They seem as proud as we are that the suits are made in Armenia."

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## Made in Armenia, cont.

Lida has developed a system to maintain production all-year-round. In the high seasons of April-June and October-December, Lida produces over 25 suits a day. During the low seasons, the company produces bed linens, which have lower profit margins, yet have lower cost of production and are not affected by seasonal preferences. Lida also attempts to balance orders among high and low seasons by dating orders from schools and government offices to the low seasons, when possible.

Lida hopes to continue to capture market share through local advertising, referrals, and "Made in Armenia" labels. Lida is convinced that labeling clothing with "Made in RA" will start a trend that eventually becomes standard practice in Armenia and looks forward the day when Armenia is globally recognized as a high-quality clothing producer.

## Armenia Receives New Data Acquisition System

USAID's \$15 million Power Sector Metering Project recently completed the installation of the new Data Acquisition System (DAS) in all generation, transmission and distribution companies and system software upgrades and calibration at Armenergo. This new DAS system is in pre-commissioning operation at present and is planned for full operation in February. It is anticipated that, once in full operation, the DAS will significantly increase system efficiency and restrict opportunities for corruption in system management. In particular, the new DAS promotes exercising more transparent and accountable settlement procedures and supports a system of funds administration necessary for developing the wholesale power market in Armenia. These improvements are crucial to unlocking the needed investment to rehabilitate and upgrade the power sector.

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